

# Setting the Stage for Financial Success

ideas **42**



Preparing High School Students for Life After Graduation

**Recognizing the need to prepare high school students to successfully navigate new financial responsibilities upon graduation, Oakland Promise partnered with ideas42 to create “Outta Pocket”: a behaviorally informed, virtual financial capability program for Oakland Unified School District students and their families.**

## Summary

Since 2016, Oakland Promise has sought to empower children in Oakland to thrive in their higher education and career goals. Their programming spans the full lifespan of a student, from setting up college savings accounts for babies to providing financial coaching for parents to providing scholarships for those currently enrolled in higher education.<sup>1</sup> Crucially, these efforts seek to offset financial disparities between families that affect educational outcomes, with students from lower-income families graduating high school, attending college, and completing their degrees at significantly lower rates than students from higher-income families.<sup>2</sup>

A crucial moment in which students from lower-income households are at a particular disadvantage is during the transition between high school and adulthood, when the stakes for effectively managing one’s money can pose barriers to students’ post-graduation goals. As young people move toward financial independence, they begin navigating potentially new responsibilities such as budgeting for their expenses, saving earned income, and building a credit history. Recognizing the need to guide students through the adoption of these roles, Oakland Promise partnered with ideas42 to co-design a financial capability program informed by behavioral science where students would envision their post-graduation goals, make a plan for achieving them, and receive the necessary support to successfully follow through on those intentions.

## Highlights

- ▶ High school students report receiving insufficient training for managing their personal finances as they approach graduation and adulthood.
- ▶ Providing resources and coaching can help offset financial disparities that affect educational outcomes.
- ▶ Designing programs with behavioral insights helps students gain new knowledge and apply it in real life.

## Student aspirations and financial challenges

We spoke with Oakland Unified School District (OUSD) students, alumni, parents and guardians, and school counselors to learn more about student goals and aspirations. Students shared an array of diverse goals for the future, from making it in the music industry to owning a business to attending college, often aiming to be the first in their family to do so. Despite their intentions, students expressed concern about being able to reach their goals from a financial perspective. While many students are already contributing

<sup>1</sup> <https://oaklandpromise.org/about-us/>

<sup>2</sup> <https://journals.sagepub.com/doi/pdf/10.3102/0162373715576364>

to and helping manage their household’s income through part-time jobs, they lack formal training on how to navigate their financial lives, such as how to save and build a credit history. As one student shared with us, “I wish they had a financial literacy class earlier ... I haven’t really been taught much so I don’t have much to go off on.”

Once students do make it to college, we heard from guardians and alumni that they still might not have the skills they need to succeed financially. One parent recalled, “My daughter tells me her friend really don’t have life skills ... She asked her, ‘How do I get an apartment? What’s credit? How do I pay bills?’ I was shocked. She’s at a four year! Her major was business!” An alum from Berkeley offered their belief that, “School should be imparting more useful, practical information. It feels like I use my personal time to learn things I should already know.”

All of our interviewees largely agreed on a set of key topics they felt should be a part of their education in preparing for the future:

- ▶ **Saving & Spending.** Understanding how to grow money through saving and investing was the most common topic students expressed interest in learning, recognizing the importance of using the money they earn for future goals.
- ▶ **Funding Higher Education.** The second most cited topic students were interested in learning was how to finance a college education: how to obtain scholarships, navigate student loans, and apply for financial aid, all essential tools for facilitating access to often prohibitively expensive higher education opportunities.
- ▶ **Banking & Credit.** The third most cited topic among students was how to use financial tools in service for their future. Students recognized that there is value in institutional savings and a good credit score for their futures, but shared uncertainty on the why and how-tos of banking and credit.

## Building financial capability requires more than just knowledge .....

The Financial Health Network defines financial capability as a combination of knowledge to manage financial resources effectively, skills to exercise behaviors that lead to financial health, and access to high-quality financial products and services.<sup>3</sup> As a result of these factors, an individual should be able to “cover monthly expenses with income, track spending, plan ahead, and save for the future.” In other words, financial capability is not just what you know about personal money management, but also whether you are able to act in line with that knowledge.

In addition to learning about these important topics for their future, we recognized that any successful financial capability program would need to address the following challenges:

- ▶ **Existing resources are not “top-of-mind.”** Counselors were able to cite many resources available in both high school and college to help students meet their financial needs. As one current college student shared, “There’s the basic needs center, the food pantry, there are

<sup>3</sup> <https://finhealthnetwork.org/research/financial-capability/>

clothes programs. I've been able to benefit from this program that helps students pay for laptops and things for my room.... There were all these ways I didn't have to spend so much money because of these programs I was a part of." The problem, they continued, was that they were among the few students who took advantage of these programs, as the resources are often ineffectively marketed to students at the moment they would most benefit from them.

- ▶ **Competing priorities.** Students with ambitious goals for their future may still fail to take early actions that are key for their success. With their attention directed toward classwork and extracurricular activities, they lack dedicated instruction or time to create a plan or take steps toward their financial future.
- ▶ **Lack of relevance to students' personal experience.** Students reported forming their beliefs about money from more informal educational sources, such as the internet or peers. This learning is unsupervised and potentially unreliable, or fails to acknowledge the unique challenges or experiences of students' own lives.

A number of interventions have successfully improved financial capability in different contexts. Examining the research on financial programs, we have found that effective programs often share five key attributes:

- ▶ **Just-in-time:** Content should be delivered just before a participant needs to use it.
- ▶ **Opportunities to practice:** Programs should be interactive and focus on practicing new skills.
- ▶ **Motivation for learning:** Content should be relevant and tailored to each student's goals and plans.
- ▶ **Actionable:** Lessons should be easy to digest, remember, and act on.
- ▶ **Repeated contact:** Students should have multiple touchpoints to engage with the material.

In addition, based on our interviews, we recognized the importance of education coming from an **authentic voice**—shaped and delivered by members of the community who understand and empathize with the distinct struggles and opportunities these students face.

## Piloting a new approach .....

Ultimately, building financial capability requires more than sharing information about topics like budgeting, spending, saving, and credit, as information alone seldom sparks action. With this in mind, we worked with the Oakland Promise team, OUSD students, educators, and administrators, as well as various local stakeholders, to co-design a pilot program specifically to help students learn information and skills, put what they learn into practice, connect with local resources and institutions, and share their new knowledge with their peers and parents and guardians. Our approach included conducting co-design sessions with members of the various Oakland Promise teams (Brilliant Baby, College Access, College Completion) in order to leverage their unique expertise. We then refined the ideas and user-tested prototypes with OUSD students, who themselves contributed some of the most valuable characteristics of the program design (including the name, "Outta Pocket").

To build out the program content, we partnered with local representatives from MyPath<sup>4</sup> and Self Help Credit Union,<sup>5</sup> community-based nonprofits that offer financial services and education, to adapt elements of their instructional materials for a new, behaviorally informed curriculum tailored to the needs of students. A virtual pilot of the “Outta Pocket” program took place with a small group of seniors in the Fall of 2020 at Castlemont High School in Oakland. Taking place over Zoom and Google Classroom in the Fall, Outta Pocket gathered a small handful of students for five sessions of virtual activities that helped them to:

- ▶ **Set financial goals:** There is an abundance of evidence that setting a goal for yourself helps to direct effort and improve performance, increasing the likelihood that you will achieve it. Doing so early in the program helps guide student attention and motivation for each of the subsequent activities throughout the rest of the program, and leave them with a north star to move toward afterward.
- ▶ **Understand their current saving and spending habits:** Leveraging MyPath’s user-friendly saving and budgeting software, students have the opportunity to record their own spending habits and visualize how adjusting their behaviors can help them make progress toward their future goals.
- ▶ **Create a plan for the future:** During the program, students identify saving strategies by reviewing their own spending history. These strategies avoid vague, broadly applicable suggestions and instead offer concrete next steps personalized to each student’s unique context. At the end of the program, students walk away with a plan that includes the financial goal they hope to achieve and what they will do to make progress in realizing it.

Beyond the curriculum, a number of key features were implemented to drive student success toward these desired outcomes. Each participating student received \$100 at the end of Outta Pocket to put toward their plans, enabling them to apply the lessons using real money right away. To continue promoting progress after the sessions concluded, facilitators connected students to additional offerings and resources that could be of benefit to students’ futures, including scheduling one-on-one counseling sessions with college advisors.

## Early signs of promise .....

Students reviewed Outta Pocket positively in post-surveys and qualitative interviews, and most importantly, they showed early signs of improved financial confidence and knowledge. Among the results of the pilot, we were most encouraged to see:

- ▶ **Students were able to learn the material on their own terms, apply it to their own lives, and learn from one another.** The program facilitator—a College Access Coordinator at Oakland Promise—was highly engaging, creating a cohesive and psychologically safe space for students regardless of the financial experience they came in with. Not only were each day’s activities self-directed in a way that let students apply the lessons at their own pace, but the facilitator

<sup>4</sup> <https://mypathus.org/>

<sup>5</sup> <http://self-helpfcu.org/locations/locations-california/oakland-branch>

promoted discussions between students to share their personal experiences and perspectives. This allowed peers to learn from one another, as well as normalize common challenges and confusions with the topics at hand.

- ▶ **Students engaged through multiple channels of participation, and were able to continue their learning asynchronously at home.** A virtual program offers many channels for participation—verbally, over Zoom chat, via polls and breakout rooms—that fit individual students’ comfort levels and learning styles. In addition, the facilitator created touchpoints beyond the classroom, such as sharing resources with students over social media and inviting students to reach out to her directly via email and text. Students were also able to engage with one another over Google Classroom to respond to discussion prompts, each of which encouraged them to connect with their families around the financial topics discussed in the day’s session.
- ▶ **Students showed early signs of improved financial capability after the pilot ended.** In our endline survey, based on the CFPB Youth Financial Capability Survey<sup>6</sup> administered two weeks after the pilot ended, students reported increased levels of financial confidence and support, knowledge about common financial tools, and ability to save money and mitigate unnecessary spending.

The pilot results also surfaced ways to strengthen the program moving forward. Notably, the new program was run during a pandemic plagued by uncertainty and shifting school policies. We faced many of the same challenges teachers have encountered during this time that impact attendance and participation, such as students without reliable internet connections, technology constraints, and students with instability at home due to the compounding public health and economic crises. As a result, we adjusted elements of our final program design to streamline the experience for students and integrate the curriculum as much as possible into their existing school day. While early signs of impact are encouraging, the next step is to test the program with a greater number of students, and in a more stable educational context.

The Outta Pocket program brings students together to discuss real financial challenges, collaborate on personally tailored solutions, connect with resources and alumni who can guide their journey, and chart a path forward to their goals. Designing educational programs with behavioral insights can help students not only learn about personal finances but also apply lessons in real life. We hope to see the impact of efforts like these translate to more students in OUSD and beyond, and we encourage other organizations like Oakland Promise to adapt this curriculum to reach their own communities, meeting youth where they are in order to help them get to where they are going.

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<sup>6</sup> <https://www.consumerfinance.gov/data-research/research-reports/measuring-youth-financial-capability/>